

# France:

## An Axia Breakthrough Solution to Removing the Digital Divide



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France has consistently been among the most advanced in Europe in the use and development of telecommunications services. France has Europe's third largest telecom market, and a population recognized for its adoption of emerging technologies.

The Government of France believes that ubiquitous broadband Internet access is critical national infrastructure and has implemented an "operator of operators" policy framework that supports building open and competitive Internet Protocol (IP) networks. They have committed to spending a minimum of 3 billion Euros using an existing procurement process, which is now under way. This is the right policy framework for Axia's open access solution to succeed.

Axia has been involved in France since October 2004 and has a strong French partner with VINCI Networks. The two companies have formed Covage, in which each owns a 50-percent interest, to pursue network opportunities there.

### Eliminating the Digital Divide – A Global Problem

Governments around the world are recognizing that the long-term economic impact of broadband is critical infrastructure for their economies and that IP-based connectivity will underpin their future economic prosperity, increased standards of living and the development of knowledge economies in both urban and rural communities. Much like how railways and roads were critical infrastructure in the previous century, broadband is widely recognized as the foundation for the new economies of this century.

The old copper legacy networks are quickly becoming the dinosaur of telecommunications, as they do not support the needs of Knowledge Societies. They are part of the problem and are not driven to be a part of the solution. The old copper models are designed for separate voice and TV networks and in North America, cable was also used but interestingly the rest of the world has not used cable.

Axia saw the limitations of the old model and created a new way of approaching this problem using IP technologies. Axia created a model and established a unique position for the company where traditional incumbents will not compete. In the IP world, everything can be carried on a single powerful fibre optic network. To get to the global gateway, end users only need local access providers at the community level and an independent operator at the regional level.

### Axia's Open Access Model – An Innovative Real Broadband Solution

Axia's business philosophy is built on the belief that future business opportunities that rely on powerful networks should not be limited to major urban centres as all organizations, companies and individuals can benefit from high-quality, high-capacity, cost-effective connectivity wherever they live or work.



*France's broadband strategy and plan includes a commitment to provide broadband to all the municipalities at an affordable price.*

As an "operator of operators," Axia provides Real Broadband guaranteed connectivity to all service providers, levelling the playing field for both urban and rural customers in a geographic region. This innovative approach to network design and management - equal access to Real Broadband connectivity - challenges traditional telecommunications providers, who have focused on delivering network services to more densely populated areas where they have a large, concentrated customer base and more manageable construction costs. Non-metropolitan areas - especially in terms of the Internet and data connectivity - have lagged behind, limiting business potential and hampering rural and small-town citizens' access to educational, commercial and social service resources.

Axia's open-access network model delivers network services to large geographic areas and creates major opportunities for business and economic growth. Axia operates as an impartial, expert buyer or manager of network services on behalf of its customers, which ensures that competition results in the best service at the lowest cost for the end user. And because Axia charges a very competitive, standard rate for bandwidth - with no volume discounts or price breaks for multi-point connectivity - new local network service providers can operate on an equal footing with larger existing providers.



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### France's Problem – Eliminating the Digital Divide

France's broadband strategy and plan includes a commitment to provide broadband to all the municipalities at an affordable price, in particular areas unable to attract private investment. The objective is to reach 10 million broadband subscribers by 2007. As of June 2004, about five million individuals and organizations had taken up broadband with 84 percent of the population having access to DSL. However, large under-served areas remain. The French Government estimates that even a 95 percent broadband coverage would leave more than 15,000 small municipalities unserved.

The national plan's 2007 targets include:

- Enterprises in the main development areas should be able to benefit from broadband services up to 100 Mbps at a reasonable cost;

- Each municipality must be able to offer 2 Mbps Internet access to 80 percent of its inhabitants. Where population density allows it, 5 Mbps access rate must be offered, enabling the delivery of the full set of broadband services.

- Small isolated municipalities (not covered by ADSL) will be provided with Internet connection to the town hall and in another public Internet access point.

(Commission of the European Communities, "Digital Divide Forum Report: Broadband Access and Public Support in Under-Served Areas", July 15, 2005)

As part of the national government's strategy and plan, the development of IP networks in France is being pursued on a département or community basis through Délégations de Service Public (DSP) and PPP (Public Private Partnership) mechanisms. DSPs and PPPs have terms of 15 to 20 years and represent a concession to sell wholesale IP services and/or fibre to local, regional, national and international operators. Agreements can also be specific to construction or specific to the sale of dark fibre. There are almost 100 départements and over 30,000 communities in France.



### Axia in France: pipeline

- 13 DSPs won as of July 2007
  - > 5.2 million people
  - >2,372 communities
  - ~158,000 businesses
- 4 bids either submitted or prepared
- 6 months – 1 year timeline
- 10 more anticipated within immediate future

### An Axia Solution in France

Leveraging Axia's experience as the designer and operator of the Alberta SuperNet, Axia and VINCI Networks are pursuing DSP and PPP concessions in France through Covage, a French private company in which the two companies each have a 50 percent interest. As an "operator of operators", Covage creates and supports local access operators and Internet service providers as they deliver their IP services to administrative, business and consumer customers.

Covage currently has interests in 13 concessions that reach 2,372 communities with a population of 5.2 million people, with almost 158,000 businesses of all sizes. Covage is currently pursuing more than 30 network opportunities out of a possible 40 - 45 that could be put out to bid, with more expected in the future. For each project, VINCI Networks provides the construction, project management, infrastructure and knowledge of the France marketplace. Axia provides network design, equipment selection, and equipment installation and operates all of the networks that provide active IP services.

The concessions won by Covage bring Real Broadband connectivity to a diverse business and residential customer base. The Sicoval concession, for example, includes direct fibre connection to every building in two industrial zones (680 businesses in 350 buildings) and a hosting centre for IP service providers. Airbus and the European Space Agency are among the major industries in the region.

The Seine et Marne concession, in the Paris region, contains 514 communities with a population of 1.2 million people. The area is growing with a government administration that understands the importance of Real Broadband infrastructure to the future economic prosperity of the region. Euro Disney is located there, with a large surrounding commercial area, containing the office locations for many international and European organizations. With its proximity to Paris, the département also is the target for many residential and commercial developments.